

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|   |   |          |
|---|---|----------|
| THE APPLICATION OF ELAM UTILITY           | ) |          |
| COMPANY INC. FOR AN ADJUSTMENT OF         | ) | CASE NO. |
| RATES PURSUANT TO THE ALTERNATIVE         | ) | 2000-432 |
| RATE FILING PROCEDURE FOR SMALL UTILITIES | ) |          |

ORDER

On September 15, 2000, Elam Utility Company, Inc. ("Elam") applied for an adjustment of rates pursuant to Administrative Regulation 807 KAR 5:076, the alternative rate filing procedure for small utilities. The proposed rates for gas service would generate additional annual revenues of approximately \$59,722, an increase of 13.6 percent over revenues from existing rates, including gas cost adjustment ("GCA") revenues.

On November 15, 16, and December 12, 2000, Commission Staff ("Staff") conducted a financial review of Elam's test-period financial records. Based upon this review, Commission Staff issued its report on March 14, 2001, recommending an increase of \$34,412.37 in annual revenues, which is a 5.8 percent increase over the Staff-adjusted revenues from test year rates, which included GCA revenues.

By Order entered March 14, 2001, the Commission directed Elam to file comments on the Staff Report, or request a hearing within 10 days of the date of the Order, or the case would stand submitted for decision. On March 20, 2001, Elam filed a letter with the Commission accepting the Staff Report and the recommendations of the Commission concerning this case and the proposed rates. The letter also indicated that Elam would meet with its certified public accountant in May 2001 in order to make the adjustments

recommended in the Staff Report, or to work out a time schedule in which to make those adjustments.

The Commission, after considering the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this proceeding and are incorporated by reference as if fully set out herein.

2. The rates proposed by Elam in its application would produce revenue increases in excess of that found reasonable herein and should be denied pursuant to KRS 278.030.

3. The rates in the Appendix, attached hereto and incorporated herein, are the fair, just, and reasonable rates for Elam. These rates are the rates recommended by the Commission Staff Report and they include a GCA rate of \$9.6272. The GCA rate of \$9.6272 is based on gas costs approved in a separate Order in Case No. 9845-I. They will allow Elam sufficient revenues to meet its operating expenses and provide for future equity growth, including provisions for servicing its debt.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Elam in its application are hereby denied.
2. The rates contained in the Appendix are approved for service rendered by Elam on and after the date of this Order.
3. Within 30 days of the date of this Order, Elam shall file with the Commission its revised tariff setting out the rates approved herein.

4. By June 29, 2001, Elam shall file with the Commission a report of the meeting with its certified public accountant that is scheduled for early May. The report shall include the adjustments made to the financial statements, as recommended in the Staff Report issued March 14, 2001, or the time frame in which the adjustments will be made. The report shall also include a schedule detailing Elam's plan to address each of the twelve recommendations included in the Staff Report issued on March 14, 2001, and a time frame in which it will comply with each of the recommendations.

Done at Frankfort, Kentucky, this 30<sup>th</sup> day of March, 2001.

By the Commission

ATTEST:

  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2000-432 DATED MARCH 30, 2001

The rates in this Appendix reflect both the increase in base rates and the new GCA approved in Case No. 9845-I. The following rates and charges are prescribed for the customers served by Elam Utility Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATES:

Residential

|                 | <u>Base Rate</u> | <u>Gas Cost<br/>Adjustment</u> | <u>Total</u> |
|-----------------|------------------|--------------------------------|--------------|
| Customer Charge |                  |                                | \$6.15       |
| First 11 Mcf    | \$4.1214         | \$9.6272                       | \$13.7486    |
| Over 11 Mcf     | \$5.1214         | \$9.6272                       | \$14.7486    |

Industrial

|                 |          |          |           |
|-----------------|----------|----------|-----------|
| Customer Charge |          |          | \$9.01    |
| All Mcf         | \$4.1214 | \$9.6272 | \$13.7486 |